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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
CHINA

IPF:(1992-96) $176 600 000
(CPR/91/210) - Efficiency and Environmental
Improvement in Coal Utilization

Date of approval by the AC:[1/]	3 June 1992
Expected duration:	Five years
Proposed executing agency:	Government
Government implementing agencies:	Ministry of Chemical Industry (MOCI), Ministry of Energy (MOE), National Environmental Protection Agency (NEPA), Dalian Municipal Government (DMG), Ministry of Geology and Mineral Resources (MOGMR), China National Coal Corporation (CNCC)
Proposed UNDP contribution:	$ 7 426 000 Source of funds: IPF
Government cost sharing:	$ 8 180 000
Total UNDP budget:	$15 606 000

Project background

China is the world's biggest producer and consumer of coal, with current output of over one billion tons per year. This is expected to rise to 1.2 billion tons by 1995 and 1.4 billion tons by the turn of the century. Coal meets 75 percent of the country's energy requirements, and this heavy reliance is expected to continue for the foreseeable future, despite attempts to diversify into other more environmentally benign sources of fuel. China's development trajectory is entering an energy intensive stage of growth, and its national strategy for energy development and use is based on key assumptions about the coal sector.

The strategy recognizes that: (i) coal will remain the major energy source; (ii) efforts must be made to both produce and use energy more effectively and ameliorate the environmental impact of producing and burning coal; and (iii) there is a crucial interdependence between energy, environmental economics and industrial policy. Energy development is therefore the key to medium and long-term plans for social and economic development, as set out in the Eighth Five-Year Plan (1991-95) and the Ten-Year Plan. The Government has embarked on a programme of investment, research and development in the coal mining, power and other industrial sectors and in developing new and renewable sources of energy. Similar efforts are underway in environmental protection to address the

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

environmental impact of the additional energy required. In line with agreed priorities as set out in UNDP's Third Country Programme, the Government has requested UNDP assistance in the coal and related areas to focus on the environment and place emphasis on workers' safety.

Description of project

The long-term objectives of the project are to: (a) strengthen the national capacity in environmental protection and natural resource management; and (b) transfer and adapt the technology for development.

The immediate objectives of the project are to: (a) control the pollution from coal; (b) exercise Karst water control; (c) perform thick seam mining; (d) focus on shallow coalbed methane (GEF) and deep coalbed methane; (e) circulate fluid bed combustion technology; (f) recover the chemical from coking operations; (g) establish hot gas cleanup for gasification systems; (h) improve occupational health and safety in the mining sector; (i) lower pollution caused by the production and combustion of coal; (j) reduce emissions of the greenhouse gas methane; (k) develop methods to quantify combustion sources so as to reduce gross emissions in selected areas; and (l) improve the efficiency of resource utilization.

Project activities will include: (a) improving air quality in selected cities by allowing testing of energy-based and environmentally-based control strategies for pollutant emissions associated with coal combustion; (b) establishing a mechanism for determining a rational pricing structure for energy (primarily coal) end-users; (c) developing more effective mining plans based on the identification of subsurface hydrologic and geologic features affecting the development of specific coal fields; (d) increasing productivity, efficiency and occupational safety of underground coal extraction, including making available coal resources in existing mines not recoverable using current practices; (e) establishing the technical and economic bases of methane gas recovery from gaseous mines and deep coal bed resources for distribution and use in urban areas; and (f) promoting commercial-scale efficient and environmentally acceptable alternatives for coal combustion, utilization and conversion technologies.

Inputs

UNDP will provide approximately 390 work-months of international consultancies; 550 work-months of domestic and foreign training to national personnel; subcontracts for the provision of specialized services; and highly specialized instrumentation, materials, software and testing equipment to support the modelling, pilot and demonstration facilities being developed.

Financial data

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Personnel	1 636 000
Subcontract	8 537 000
Training	2 317 000
Equipment	2 787 000
Miscellaneous	329 000
Total	15 606 000

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